Cost Avoidance
(Dual or Split Billing)

As of **October 1, 2004,** South Dakota Medical Assistance Program (Medicaid) began denying cost avoiding pharmacy claims. The term "cost avoidance" means that Medicaid, always being the payer of last resort, will require that pharmacy claims be billed to the other third party payers when a Medicaid recipient has other private health insurance.

This also includes drug claims when the drug being dispensed is covered by Medicare. If a drug is covered by Medicare, the Medicaid Point-of-Sale (POS) system will deny the claim and inform you of this situation. When the claim is billed to Medicare it will automatically "crossover" to Medicaid, so there will be no need to bill for the claim through the POS system.

When the Medicaid recipient file shows other third party drug coverage for a Medicaid patient, the amount paid by the other third party must be submitted to Medicaid in NCPDP field **431-DB,** the **"Other Payer Amount Paid"** field. If a paid amount is not available from the other third party, the appropriate code must be placed in NCPDP field **308-C8,** the **"Other Coverage Code"** field.

The Other Coverage Codes to be used are as follows:

Value	Description	Further Clarification
Ø1	No other coverage	
Ø2	Other coverage exists-payment collected	
Ø3	Other coverage exists- claim not covered	Payer is aware of other coverage existing to which claim should be submitted.
Ø4	Other coverage exists-payment not collected	Used in a payable response, when payment is zero with 100% co-payment.
Ø5	Managed care plan denial	The patient has managed care coverage, but the claim was denied.
Ø6	Other coverage denied-not participating provider	
Ø7	Other coverage exists-not in effect on Date of Service	The patient has other coverage, but at the time of service, the coverage was not in effect.
Ø8	Claim is billing for copay	Used in copay only billing.

If you have questions about these procedures please feel free to contact our office at 1-800-452-7691 or 605-773-3495.

However, it may be advisable to talk to your software vendor with questions before contacting our office.